



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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*Outgoing*

*0070033*

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September 5, 1997

Mike Glasson, Sr. Geologist  
Andalex Resources, Inc.  
6750 Airport Road  
P. O. Box 902  
Price, Utah 84501

Re: Recalculated Bond Adjustment Associated with Mid Term Review, Andalex Resources Inc., Wildcat Loadout, ACT/007/033-MT97, Folder #3, Carbon County, Utah

Dear Mr. Glasson:

As stated in our letter to you dated August 7, 1997, the Division has conducted a review of the reclamation cost for the Wildcat Loadout as part of the Midterm permit review. Since the August 7, 1997 letter, we have reevaluated our method for calculating demolition costs and have determined that concrete demolition could be accomplished for \$26.00 per cubic yard, using the appropriate equipment. This is a significant reduction from what had previously been used. Taking this into account we have recalculated the bond for the Wildcat loadout and have determined that the appropriate bond should be \$698,000.00. This is based on the year 2000 dollars.

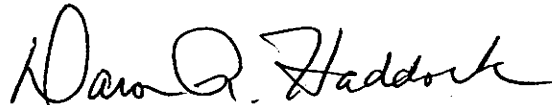
The bond estimate received by the Division on July 21, 1997, is hereby approved effective September 2, 1997. A stamped approved copy is enclosed for insertion into your Mining and Reclamation Plan.

Since the bond currently posted for the Wildcat Loadout (\$813,795.00) exceeds the amount required, no adjustment is necessary at this time. Andalex may choose to retain the current bond amount in order to cover future permitting actions and contingencies or reduce the bond amount to \$698,000.00 if so desired. (A copy of the Division's bond cost summary is enclosed for your information and files.)

Page 2  
ACT/007/033-MT97  
September 5, 1997

If you have any questions, please don't hesitate to call me or Wayne Western.

Sincerely,



Daron R. Haddock  
Permit Supervisor

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Enclosure

cc: Ranvir Singh, OSM  
Richard Manus, BLM  
Mark Page, Water Rights, w/o  
Dave Ariotti, DEQ, w/o  
Bill Bates, DWR, w/o  
Price Field Office  
O:\007033.WCL\FINAL\RECALC1B.WPD

## Wildcat Loadout

## Bond Calculations

Wildcat Loadout ACT/007/033

Revised

August, 1997

## Bond Summary

## Direct Costs

Demolition	\$179,737
Earthwork	\$156,066
Revegetation	\$149,963
Subtotal	\$485,766

## Indirect Costs

Maintenance and Monitoring Costs (10%)	\$48,577
Contingency (10%)	\$48,577
Engineering Redesign (5%)	\$24,288
Startup Costs (5%)	\$24,288
Contract Management (5%)	\$24,288
Indirect Costs	\$170,018

Total Cost in 1997 Dollars	\$655,784
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Escalation 2.52% for 2.5 years	\$42,099
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Total Cost in 2000 Dollars	\$697,883
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Bond Amount (rounded to nearest \$1,000)	\$698,000
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